

What is the Tax Refund Offset Program?

The Tax Refund Offset Program is a coordinated effort of the U.S. Internal Revenue Service (IRS), the federal Department of Treasury Financial Management Services (FMS), the federal Office of Child Support Enforcement, the Michigan Department of Treasury, the Office of Child Support of the Michigan Family Independence Agency, and local friend of the court offices. The program collects past due child, spousal, and medical support from a payer's state and federal income tax refund.

How does the Tax Refund Offset Program work?

The friend of the court can intercept income tax refunds and apply them to overdue support cases which meet federal and state requirements. The program collects overdue spousal support only if the spousal support is in the same order as a child support obligation, and the former spouse and minor child or children live together. Medical support is eligible for collection if a court order establishes an exact amount owed.

Does my case meet the requirements for a Tax Refund Offset?

FIP Cases :

If your children are receiving public assistance, the friend of the court automatically enters a request for federal and state tax refund offsets if \$150 or more is owed in support.

Non-FIP Cases:

Federal Offset Program: If your children are not receiving public assistance and you have applied for child support (IV-D) services, the friend of the court automatically enters a request for federal tax refund offsets if support of \$500 or more is owed and a child for whom support is owed is under the age of 18. The child may be over age 18 if the child was disabled before age 18, continues to be disabled, and has a support order in effect. To claim disability for the child, you must have proof that the child is receiving Supplemental Security Income (SSI) or Social Security Disability benefits. Past due spousal support can be submitted if it is included in the same order as child support. Medical support is eligible if a court order establishes an exact amount to be paid.

State Offset Program: Approximately every two weeks, the State of Michigan Office of Child Support reports all payers who have a balance of at least \$150 to the Michigan Treasury Department whether or not a person has a history of regular payments.

How does my case qualify for the Tax Refund Offset Program?

Your case must be identified as a IV-D case by the friend of the court. All FIP cases are automatically considered IV-D cases. If you are not receiving FIP benefits, you should check with the friend of the court to see if you have signed an application requesting IV-D services. If not, simply request an application from the friend of the court or the Family Independence Agency support specialist. The IV-D program also provides assistance with: 1) support establishment, enforcement, review and modification; 2) paternity establishment; 3) location of parents; and 4) tracking and monitoring of support payments.

How does the child support payer know if a request for a Tax Refund Offset has been made?

The federal and state child support agencies send the payer a pre-offset notice. This notice explains that the friend of the court requested a tax refund offset, provides the payer with the amount owed, gives information regarding an appeal procedure called an administrative review, and provides joint tax return options.

When do I receive the Tax Refund Offset?

When an arrearage is owed to the state, money received from *federal tax refunds* is first paid to eliminate that arrearage. Any remaining money from a federal tax refund is then paid on arrearage owed to the custodian. If the custodian is not receiving FIP benefits, intercepted money from *state tax refunds* is paid first to eliminate current support and arrearage owed to the custodian.

It is important to remember the following:

- If the custodian assigned money to the state for any period of time the minor child(ren) received public assistance, this amount belongs to the state when collected by a federal tax refund offset. If more money is offset than owed to the state, the remaining amount is applied to support arrearage owed the custodian.
- No matter how much overdue support is owed, the most that can be collected through this program is the amount of the payer's income tax refunds.

- The tax agency only sends to the friend of the court the amount reported as overdue support. The tax agency pays any balance to the payer.
- If the payer files a joint federal tax return, the friend of the court must hold the refund six months before distributing it to the payee. This is required in case an income tax return adjustment is filed by the payer's current spouse. As a result, including processing time before the refund reaches the friend of the court, the custodian might not receive money from a joint tax refund for up to eight months after the date the offset was made by the FMS.

Can the payer appeal the Tax Refund Offset?

Yes, the payer is notified prior to any action. The payer may request an administrative review of the offset request by using instructions provided in the pre-offset notice.

After the income tax refund is intercepted, an offset notice is sent to the payer by the tax agency. This notice also contains information about how to request review of the offset.

For more information about the Tax Refund Offset Program, contact the friend of the court office handling your case.

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**A Cooperative Child Support
Enforcement Program**